

STATE OF WASHINGTON  
DEPARTMENT OF FINANCIAL INSTITUTIONS  
SECURITIES DIVISION

IN THE MATTER OF determining  
Whether there has been a violation of the  
Securities Act of Washington by:

Lennox Investment Group, Ltd.; Randall W.  
Law; James Wardell; Standard Capital Group;  
Monica Iles;

Respondents

SDO -51 - 00

STATEMENT OF CHARGES AND NOTICE  
OF INTENTION TO ENTER ORDER TO  
CEASE AND DESIST

Case No.97-04-210

THE STATE OF WASHINGTON TO:

Randall W. Law, individually and as President of  
Lennox Investment Group, Ltd.  
1232 Kemper Rd. Ste 296  
Cincinnati, OH 45240

James F. Wardell  
Lennox Investment Group, Ltd.  
1618 Oak Creek Ln Ste C  
Bedford, TX 76022

Monica Iles, individually and as President of  
Standard Capital Group  
740 Northland Rd Ste F  
Cincinnati, OH 45240

**STATEMENT OF CHARGES**

Please take notice that the Securities Administrator of the State of Washington has reason to believe that Respondents, Randall Law, Lennox Investment Group, Ltd; Monica Iles, and Standard Capital Group, and their agents and employees, have each violated the Securities Act of Washington and that their violations justify the entry of an order of the Securities Administrator under RCW 21.20.390 to cease and desist from such violations. The Securities Administrator finds as follows:

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DESIST

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Olympia, WA 98507-9033  
360-902-8760

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TENTATIVE FINDINGS OF FACT

I.

Lennox Investment Group, Ltd. is a business entity with places of business at 1232 W. Kemper Road, Suite 296, Cincinnati, Ohio 45240 and 1618 Oak Creek Lane, Suite C, Bedford, Texas 76022.

II.

Standard Capital Group is a business entity with its principal place of business at 740 Northland Road, Suite F, Cincinnati, Ohio 45240.

III.

Randall W. Law is president of Lennox Investment Group, Ltd. and James F. Wardell is its chairman and administrator.

IV.

Monica M. Iles is president of Standard Capital Group.

V.

In May or June of 1996, Monica Iles of Standard Capital Group solicited a Washington resident a high yield investment program of which Lennox Investment Group, Ltd. was the program administrator and manager. She represented that program participants would receive an amount equal to 122.5% of their investments in each of forty weekly payments during the 54 week term of the contract. Program participants were to be protected in the event of default because an amount equal to their investment was to be kept in an escrow account at a bank in Illinois. These payments were to come from "leasing" the investors' funds to third parties. The program documents use terms and concepts typically used in fraudulent "prime bank" or "roll" programs and not used in legitimate banking transactions. These programs were the subject of a June 11, 1996 Investment Scheme Advisory issued by the Board of Governors of the Federal Reserve System warning the public about these illegal schemes.

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1 In accordance with instructions from Ms. Iles, the Washington resident, acting as trustee of a trust set up to  
2 benefit an elderly Washington man, wired to the Illinois bank \$300,000 on behalf of the trust. James F. Wardell  
3 acknowledge the deposit on behalf of Lennox Investment Group, Ltd., sending the trustee a letter and three contracts to  
4 sign. Wardell signed the lease agreement and returned a copy to the trustee. The trustee received a series of faxed  
5 communications from Iles and from Randall Law explaining delays in payment under the program. Based on this  
6 information in these communications, the trustee signed a series of amendments to the lease agreement, extending the  
7 termination date for the agreement. In November 1996, Randall Law, as president of Lennox Investment Group, Ltd.,  
8 signed a conditional assignment which purported to assign to the trustee a portion of the cash in the escrow account equal  
9 to the trust's investment in the program. The communications from Iles and Law to the trustee and other program  
10 participants continued at least through October 1997. These communications said that the program was still going  
11 forward and and that the participants would be receiving their promised return. However, the trustee never received the  
12 return of any of the funds invested on behalf of the trust. By at least January 1998, escrow account at the Illinois bank had  
13 been closed.

14 VI.

15 Lennox Investment Group, Ltd. is not currently registered to sell its securities in the state of Washington and has  
16 not previously been so registered.

17 VII.

18 Standard Capital Group is not currently registered as a broker-dealer in the state of Washington and has not  
19 previously been so registered.

20 VIII.

21 Monica Iles is not currently registered as a securities salesperson or as a broker-dealer in the state of Washington  
22 and has not previously been so registered.

23 Based upon the above Tentative Findings of Fact, the following Conclusions of Law are made:

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1 CONCLUSIONS OF LAW

2 I.

3 The offer and/or sale of interests in the Lennox Investment Group, Ltd investment program described above  
4 constitutes the offer and/or sale of a security as defined in RCW 21.20.005(10) and (12).

5 II.

6 The offer and/or sale of said securities is in violation of RCW 21.20.140 because no registration or notification of  
7 claim of exemption for such offer and/or sale is on file with the Administrator of Securities, state of Washington and it  
8 appears that the respondent does not otherwise qualify for an exemption from registration.

9 III.

10 Monica Iles and Standard Capital Group have each violated RCW 21.20.040 by offering and/or selling said  
11 securities while not registered as a securities salesperson or broker-dealer in the state of Washington.

12 IV.

13 The offer and/or sale of said securities was made in violation of RCW 21.20.010 because the representations  
14 made in connection with the sale of the program were misleading.

15 NOTICE OF INTENTION TO ORDER THE RESPONDENT TO CEASE AND DESIST

16  
17 Based upon the above Tentative Findings of Fact and Conclusions of Law, the Securities Administrator intends to  
18 order that the respondents, Lennox Investment Group, Ltd., Randall Law, James Wardell, Standard Capital Group, and  
19 Monica Iles, their agents, and employees each permanently cease and desist from violations of RCW 21.20.010 and  
20 RCW 21.20.140 and that respondents Standard Capital Group and Monica Iles each permanently cease and desist from  
21 violation of RCW 21.20.040.

22 AUTHORITY AND PROCEDURE

23 This STATEMENT OF CHARGES AND NOTICE OF INTENTION TO ENTER ORDER TO CEASE AND  
24 DESIST is entered pursuant to the provisions of RCW 21.20.390 and is subject to the provisions of ch. 34.05 RCW. The

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respondents, Lennox Investment Group, Ltd., Randall Law, James Wardell, Standard Capital Group, and Monica Iles, may each make a written request for a hearing as set forth in the NOTICE OF OPPORTUNITY TO DEFEND AND OPPORTUNITY FOR HEARING accompanying this order.

DATED this \_\_\_\_\_ day of May, 2000.

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DEBORAH R. BORTNER  
Securities Administrator

Presented by:

\_\_\_\_\_  
Suzanne E. Sarason  
Senior Enforcement Attorney

Approved by:

\_\_\_\_\_  
Michael E. Stevenson  
Chief of Compliance

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